

Navigating Aid in Authoritarian Terrain: Bilateral Donor Practices in Ethiopia

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Abstract

Despite widespread concerns over aid effectiveness in poorly governed states, Ethiopia – an authoritarian regime with weak institutions – has remained the largest bilateral aid recipient in sub-Saharan Africa. This article investigates why and how traditional bilateral donors, who generally emphasize good governance, have continued to support Ethiopia's repressive government. Drawing on aid data between 2011 and 2022, the article analyzes aid allocation patterns, delivery channels, and donor behaviors. The findings suggest that Ethiopia's geopolitical significance, especially in Western donor security interests and diplomatic strategies in sub-Saharan Africa, outweighed governance concerns in donor aid decision-making. Donors primarily disbursed aid as grants and through project-type interventions, with substantial funding directed to emergency response and food assistance as part of humanitarian efforts. Although donors rhetorically emphasized governance reforms, aid to governance sectors remained marginal due to resistance from Ethiopian authorities and donor concerns about aid efficacy and potential diplomatic friction. The analysis reveals that donors tactically bypassed state institutions, relying on non-governmental organizations and multilateral organizations: donors might have perceived Ethiopian public systems to be ineffective or politically compromised. The study contributes to aid literature by offering a nuanced country-level narrative of donor behaviors under authoritarianism and highlights how donor strategic interests and local political dynamics interfere aid principles.

Keywords: Authoritarian, Bilateral donor, Ethiopia, Foreign aid, Governance, Sub-Saharan Africa.

Introduction

The characteristics and contexts of recipient countries significantly influence aid effectiveness. Among these characteristics, poor governance is widely regarded as a major impediment to positive aid outcomes (1, 2). Consequently, donors who prioritize aid effectiveness are likely to take the quality of governance in recipient countries seriously. Ethiopia presents a particularly compelling case in this regard. With the second-largest population in Africa, Ethiopia remains among the poorest and least developed countries and is governed by an authoritarian regime marked by limited political freedom and weak institutional quality (3-5). Despite this, Ethiopia has consistently been the largest recipient of aid in sub-Saharan Africa in recent years, even though it is often regarded as a difficult aid partner due to its strong policy stance (6-8). This paradox raises a critical question: how and why have traditional bilateral donors—who emphasize good governance – continued to support a repressive, authoritarian regime? This article addresses this question and

makes two primary contributions to the aid literature. First, it fills a gap by offering a country-level analysis of bilateral donor practices in the Ethiopian context. While cross-country studies are useful for identifying general patterns, the heterogeneity among recipients underscores the importance of country-specific investigations to understand nuanced donor-recipient dynamics (9). Second, the article provides more localized insights into the behavior of individual donors.

Theoretical Background

Some studies on aid in poorly governed recipients suggest that aid in such contexts may hinder governance improvements or even help authoritarian regimes persist. In the literature, weak governance is closely linked to authoritarian rule. Authoritarian regimes are argued to deliberately undermine institutional accountability and the rule of law to suppress political competition and minimize constraints on their power (10-12). In such settings, corruption often becomes systemic, as ruling elites manipulate legal and institutional

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frameworks to control resources, while weak governance reinforces authoritarian behaviors (4, 11, 12). Understanding this dynamic is important because it presents both conceptual and practical challenges for donors operating in authoritarian regimes. In response, donors may attempt to reduce aid capture by modifying how aid is delivered, particularly by adjusting its fungibility. Budget support is considered highly fungible because it imposes few restrictions on how aid funds are used (13). Offering budget support signals donor confidence in a recipient's policies and institutions, even when such support is conditioned (14). It also enables donors to gain access to a recipient's policymaking processes and amplify their political influence (15). However, budget support carries risks: it becomes difficult to monitor once integrated into the recipient's financial system, and recipients may pursue policies at odds with donors' aid objectives (14, 16). A study argues that donors are likely to suspend budget support when recipient governments are implicated in serious issues such as widespread corruption, electoral fraud, violent conflict, or major human rights violations (17). For example, several donors froze budget support to Rwanda around 2011 due to its military activities in the Democratic Republic of Congo, which were seen as undermining regional stability (15). The strengths and weaknesses of budget support largely stem from its delivery through the public institutions of recipient governments. Studies indicate that donors often prefer state-to-state aid transfers because such channels offer a direct path for influencing recipient policies (16, 18, 19). However, when a recipient government's institutional quality is low, donors may opt to bypass public systems of the recipient country in favor of alternative delivery channels, if they continue to provide aid. Studies find that donors often circumvent public institutions in weakly governed countries to avoid aid capture (18). Others show that such bypassing is more common in sectors where donor engagement with recipient governments is less critical (20). From another perspective, the domestic politics of donor countries influence aid channel decisions. It is argued that right-leaning donor governments are more likely to channel aid through recipient governments, prioritizing geopolitical or economic interests. In contrast, left-leaning donor govern-

ments tend to favor disbursements via non-governmental organizations (NGOs), emphasizing poverty alleviation as their primary goal (21).

Although donors often appear to dominate aid relationships, aid is ultimately the product of negotiations between donors and recipients. A study argues that a recipient country's bargaining power is derived from its negotiating capital, which includes favorable economic, political, ideological, and institutional factors (7). However, the ability to effectively utilize this capital depends on the recipient leadership's capacity to mobilize and manage these favorable conditions (22). Accordingly, some recipient governments prove to be better negotiators than others.

Several themes emerge from the literature review. Donors that emphasize good governance yet operate in weakly governed environments are justifiably concerned about aid capture by corrupt elites and fragile institutions. To mitigate these risks, they may reduce aid fungibility and shift away from recipient government-centered aid delivery. Moreover, as aid is negotiated, recipient governments with stronger bargaining positions can influence donor behaviors. The next section introduces the Ethiopian context in detail, with a focus on governance and foreign aid. While a comprehensive review is beyond the article's scope, other studies provide more detailed background (23, 24).

Governance and Foreign Aid in Ethiopia

Ethiopia has been an authoritarian state ruled by a coalition of ethnically based parties – the Ethiopian People's Revolutionary Democratic Front (EPRDF) – since the fall of the military junta, the Derg regime, in 1991 (4, 9). Critics argue that the ruling party has sustained its dominance through institutional manipulation aimed at weakening opposition groups and civil society organizations (25). Initially, the appointment of Abiy Ahmed as Prime Minister in 2018 appeared to signal a political transition toward a less authoritarian regime. Critical of his predecessors' governance and democratic records, Abiy pledged to reform the state by repealing repressive laws (26, 27). However, some political opponents viewed these reforms as tools for consolidating his power (25). Despite initial reform promises, Ethiopia reverted to authoritarian practices amid escalating regional conflicts around 2020. Humanitarian crises

followed as the federal government engaged in violent conflict with the security forces of the Tigray region, known as the Tigrayan People's Liberation Front (TPLF), between 2020 and 2022. The TPLF eventually surrendered in 2023, after which the government removed the group from its list of terrorist organizations (4). A study indicates that the lack of a robust institutional framework to implement the promised reforms further exacerbated domestic conflict and contributed to political instability (24). Moreover, the government's increasing militarization and poor macroeconomic management have eroded public support, damaged Abiy's legitimacy, and undermined Ethiopia's international credibility (24).

Corruption, a prominent feature of weak governance, remains pervasive in Ethiopia (4). Studies indicate that corruption is deeply systemic, institutionalized by the ruling elite, and embedded in the country's legal and policy frameworks – a form known as state capture (28). It is argued that corruption deters foreign investment even when other economic indicators are favorable (29). In 2001, Ethiopia established a centralized anti-corruption body, the Federal Ethics and Anti-Corruption Commission, with donor support. However, critics point out that this agency primarily serves political purposes rather than combating corruption. Allegedly, it has been used to target political dissidents, placate public anger, and reassure international partners (28).

Despite its institutional weaknesses, Ethiopia remains the largest recipient of foreign aid in sub-Saharan Africa (8). Donors generally view Ethiopia as a demanding and strong-willed partner (6). The Ethiopian government's refusal to allow donor influence on governance reflects a high degree of its policy ownership (9, 26). This strong stance enhances Ethiopia's effectiveness as an aid negotiator; effective recipient countries are those that successfully protect their policymaking processes from donor interference (7).

Several factors explain Ethiopia's strong position in aid negotiations (9, 22, 26). First, Ethiopia has a unique historical status, having entered the international arena as a sovereign state without colonial ties and as a founding member of the United Nations. Second, Western donors' geopolitical interests in the Horn of Africa have made Ethiopia a strategically important partner (9). Third, donor acceptance of the developmental

state model – where strong, intervening governments are seen as legitimate drivers of development – has bolstered Ethiopia's authoritarian leadership. Fourth, Ethiopian authorities have skillfully utilized political tactics to strengthen their leverage and reduce donor influence (26).

In the 2000s, the EPRDF became a key security ally for Western powers, especially the United States (US), in counterinsurgency operations in the Horn of Africa (26). Ethiopia maintains the second-oldest diplomatic relationship with the US among African countries and has long served as a conduit for the US influence in the region (27). Mutual dependence – Ethiopia's need for financial aid and the US reliance on Ethiopia for regional stability – drove a significant increase in aid flows. Between 2011 and 2020, the US aid to Ethiopia grew from USD 3 billion to USD 5 billion, making Ethiopia one of the top five recipients of the US aid during that period (27). Ethiopia's strategic value was also evident when the US did not join international criticism over the 2005 election irregularities and violent suppression of protesters by Ethiopian authorities (7, 23).

In addition to its geopolitical relevance, the broad acceptance of the developmental state model has helped Ethiopia deter donor interference. First introduced in the mid-2000s, the concept emphasizes the role of central leadership in driving national development. While this framework has provided rhetorical legitimacy for authoritarian governance, it has also kept donors from confronting Ethiopia's democratic backsliding (26). To the Ethiopian regime, the concept has offered a justifiable ground for the government's authoritarian ruling with a promise of economic growth (23). Ethiopian authorities have also employed strategic maneuvers to reduce donor influence. For example, they discourage donor coordination, preferring bilateral negotiations. This tactic weakens the collective bargaining power of donors and prevents the donor community from advancing donor political agendas, such as governance reform (26).

In summary, despite Ethiopia's repressive political landscape and weak institutional environment, donors have continued to deliver significant aid. Besides the country's continued aid needs, Ethiopia's geopolitical importance especially to Western donors has been a critical factor in

sustaining donor engagement. The government’s strong stance is reinforced by donor acceptance of state-driven development and the Ethiopian regime’s political maneuvering. The theoretical

background and the Ethiopian context inform the conceptual framework presented in Figure 1, which summarizes the logic linking authoritarian contexts to potential aid outcomes.

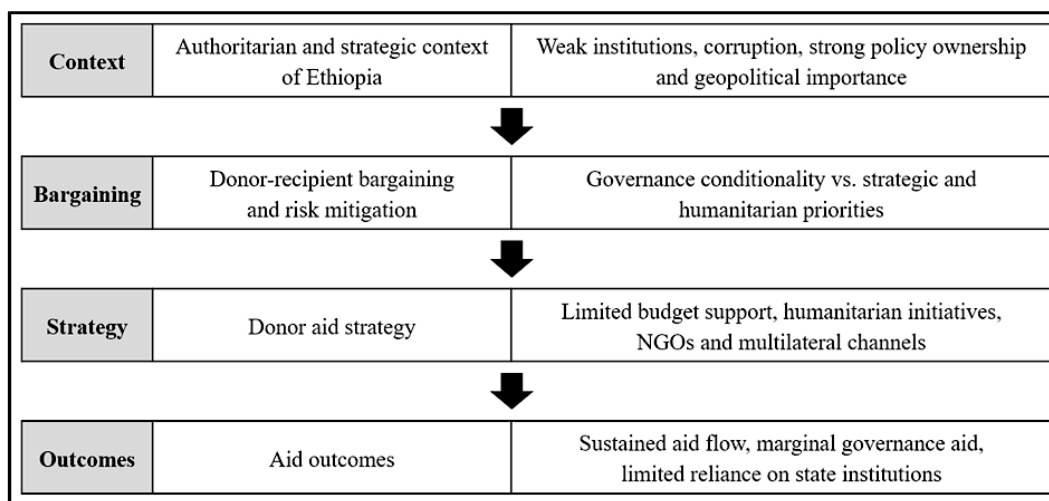


Figure 1: Conceptual Framework Summarizing the Logic Linking Authoritarian Governance, Donor-Recipient Bargaining, Donor Aid Strategies Leading to Aid Outcomes

Methodology

This study employs a quantitative descriptive analysis of bilateral aid disbursements to Ethiopia between 2011 and 2022. The purpose is to examine patterns in donor aid allocation behavior, funding modalities, and delivery channels in the context of authoritarian governance. The analysis relies on secondary data from the Organization for Economic Co-operation and Development (OECD) Statistics Database, specifically the Creditor Reporting System (CRS) (8). The CRS provides aid activity-level data on official development assistance reported annually by Development Assistance Committee (DAC) members. The CRS is widely used in empirical research on aid allocation and donor behavior, which further supports its reliability as a data source (13-20).

Disbursements were analyzed rather than commitments because they reflect actual fund transfers and implemented activities. All financial figures were measured in constant 2021 US dollars to ensure comparability over time. While CRS data provide standardized aid information, limitations should be acknowledged. The CRS captures financial flows but does not directly measure aid effectiveness, informal aid negotiations, or donor influence. These limitations are considered when interpreting the study findings.

Ethiopia was selected as the case study due to its combination of high aid dependency and

governance weaknesses (4, 5). The period from 2011 to 2022 was chosen to ensure consistency and completeness in CRS reporting, as earlier years contained gaps in channel identification data. The selected timeframe also captures important political events in Ethiopia, including the leadership change in 2018 and the 2020-2022 Tigray conflict, allowing observation of donor responses under different political conditions.

The unit of analysis is annual bilateral disbursement. Aid flows were aggregated to identify overall trends and donor-specific patterns. The analysis concentrates on lead donors, defined as those whose cumulative disbursements account for more than 90% of total bilateral aid to Ethiopia during the study period. These include Canada, France, Germany, Japan, Korea, the Netherlands, Norway, Sweden, the United Kingdom (UK), and the US. Focusing on these donors ensures that the analysis captures dominant allocation patterns rather than marginal contributions.

Aid was classified using CRS coding categories to examine sectoral allocation, funding modalities, and delivery channels. Purpose codes were used to identify sectoral priorities, such as education, health, agriculture, development food assistance, and emergency response. Type codes were used to identify funding modalities, including budget support, core contributions and pooled funds, and project-type interventions. Channel identification

codes were used to identify delivery channels, including recipient government institutions, NGOs, or multilateral organizations.

The analysis was carried out with descriptive and comparative approaches. Observed allocation patterns are interpreted in relation to theoretical expectations based on the literature on aid fungibility, governance conditionality, donor bypass strategies, and donor-recipient bargaining (7, 13-20). This approach seeks to identify how donors adjusted allocation strategies in response to Ethiopia's authoritarian context.

Despite the limitations in secondary aid data, the use of standardized CRS data over the study period provides an empirical basis for examining donor aid practices. The methodology therefore allows for systematic analysis of aid allocation behaviors.

Results

Aid Flows and Sectoral Allocation

Ethiopia received the largest share of bilateral aid in sub-Saharan Africa, accounting for approximately 8% of the region's total bilateral aid over the past decade (30). Overall, Table 1 shows that aid disbursements to Ethiopia increased slightly, though with year-to-year fluctuations. This trend likely reflects the combined effects of persistent humanitarian needs and the strategic interests of

donors. From a socio-economic standpoint, Ethiopia has remained a least developed country since the category's inception in 1971 (3). The country continues to cope with natural disasters and violent regional conflicts, necessitating sustained humanitarian assistance. A study suggests that the rise in aid post-2015 was partly a response to external shocks such as the refugee influx from South Sudan, widespread droughts, and famine risks in Ethiopia (31). Strategically, traditional Western donors have also prioritized Ethiopia due to its perceived role as a key security ally and diplomatic power in the Horn of Africa (26).

By the late 2010s, notable shifts emerged in donor behavior. The UK, the second-largest donor, reduced its aid from USD 438 million in 2019 to USD 119 million in 2022. This decline was a reaction to the civil conflict in Tigray in 2020 and the alleged election irregularities in 2021 (32). In contrast, the US, Ethiopia's largest bilateral donor, increased significantly its aid from USD 831.9 million in 2020 to USD 1.36 billion in 2022. This increase was primarily driven by a rise in emergency response funding, from USD 344 million in 2020 to USD 865 million in 2022. This likely offset the UK's aid reduction during the same period.

Table 1: Bilateral Aid to Ethiopia from 2011 to 2022

Year	Amount #	Lead Donor	Amount	% of total §	Aid Sector ¶	Amount	% of total
2011	2052.4	US	11484.1	41.7	72	7627.6 (4808.9) ※	27.7 (63) ※
2012	1948.5	UK	5130.5	18.6	13	3567.0	13.0
2013	2051.5	Germany	2054.0	7.5	52	2628.7	9.6
2014	2019.3	Canada	1298.6	4.7	12	2585.4	9.4
2015	2091.4	Netherlands	1086.1	3.9	11	2392.4	8.7
2016	2377.1	Japan	895.1	3.3	31	2347.6	8.5
2017	2537.7	Korea	787.3	2.9	Modality ¶¶	Amount	% of total
2018	2255.5	Norway	785.8	2.9	A	1417.4	5.1
2019	2403.6	Sweden	722.7	2.6	B	6572.4	23.9
2020	2529.3						
2021	2520.1						
2022	2738.6	France	622.7	2.3	C	18229.5	66.2
Total	27524.9						

Note: #: Total aid in constant 2021 USD million from 2011 to 2022, §: % share of total aid of each lead donor, ¶ 11: education, 12: health, 13: population policies/programmes & reproductive health, 31: agriculture, 52: development food assistance, 72: emergency response, ※: total amount of emergency food assistance within emergency response, and % share of emergency food assistance within emergency response, ¶¶A: budget support, B: core contributions and pooled programmes and funds, C: project-type interventions.

As a result of the US aid increase, emergency response (CRS sector code 72) became the largest aid sector, with the US accounting for 62% of total emergency aid, as shown in Table 1. Other leading sectors included population policies and reproductive health (code 13), development food

assistance (code 52), and health (code 12). By contrast, agriculture – vital to Ethiopia's economy – received relatively limited funding, despite the sector contributing 50% of the country's gross domestic product and employing 80% of the labor force (33). Donors appeared to prioritize imme-

diate food delivery through emergency and development food assistance over longer-term investment in agricultural development. Notably, Table 1 shows that 63% of emergency aid was allocated to food assistance alone.

While both food assistance and agricultural aid contribute to food security, their objectives differ: the former addresses urgent consumption needs, whereas the latter seeks to enhance agricultural capacity (34). Given Ethiopia's acute food shortages, donors likely viewed food assistance as a more effective short-term solution. Yet food aid is particularly susceptible to misuse. Donors have expressed concerns about diversion of food aid in Ethiopia through organized corrupt schemes, a serious concern confirmed by media investigations (35-37). In early 2023, the US, the largest food aid donor, suspended temporarily its food assistance after official confirmation of the food aid misuse in Ethiopia (38).

Aid Finance Types and Governance

Given Ethiopia's poor institutional quality, one might expect the governance and civil society sector (CRS code 15) to receive significant donor attention. Studies suggest that direct support to governance sectors can promote democratic reforms in the short term (39). In Ethiopia, only 3.5% of total aid was allocated to this sector, while donors have highlighted the importance of governance reform in policy statements (40-42). This limited investment likely reflects the Ethiopian government's clear position that governance is a non-negotiable area in aid partnerships. Donors may have strategically avoided prioritizing governance to maintain access to policy dialogues with the Ethiopian leadership. More practically however, if a recipient government is unwilling to collaborate on governance reform aid, the effectiveness of governance-targeted aid becomes questionable. This consideration may have dissuaded donors from directing more aid to governance initiatives in Ethiopia.

In terms of aid finance types, most of the aid (96%) was disbursed as grants, with only 3.6% provided as concessional loans. Ethiopia ceased external borrowing after 2015 partly due to rising external debt levels (31). Several factors influence the grant-loan composition, including a recipient's economic capacity to repay, the intended purpose of aid (e.g., emergency relief versus infrastructure

construction), and donor preferences (e.g., loans for accountability).

France and Korea stood out for supplying significant portions of their aid as concessional loans. France allocated 59% of its total aid as loans, directing 42% of that loan funding to the energy sector. This was in line with its stated focus on strategic infrastructure (43). Korea disbursed 49% of its total aid as loans, with 80% of this loan funding evenly split between the energy sector and the transport and storage sector. It also aligned with Korea's stated aid priorities in Ethiopia (44). Energy and transport are commonly associated with large-scale infrastructure and national development plans, for which concessional loans are often used. Such loans are more favorable than commercial borrowing because they typically include a grant element of at least 45% for a least developed country which Ethiopia is. Donor governments willing to provide loan aid may benefit from direct policy engagement: loan arrangements require formal negotiations, providing donors with a platform to influence a recipient's policy.

Aid Modalities and Delivery Channels

Regarding aid modalities, donors to Ethiopia primarily delivered aid through project-type assistance, followed by core contributions and pooled programs/funds, and lastly by budget support, as shown in Table 1. Project aid remains the preferred modality among donors, although its overall effectiveness continues to be debated (45, 46). This modality allows donors to participate directly in the design and implementation of interventions and provides visibility to justify aid to both local beneficiaries and domestic constituencies. Project-type aid to Ethiopia was concentrated in emergency response (25% of total project aid), health (18%), and development food assistance (11%). Following project-type aid, core contributions and pooled funds accounted for 24% of total aid. Notably, 46% of pooled funds were allocated to emergency response activities. Donors may find it easier to coordinate humanitarian support through pooled mechanisms, particularly when collective action ensures better outcomes than fragmented efforts.

Table 1 show that budget support was extremely limited during the study period, suggesting low donor confidence in Ethiopia's institutions. Arguably, the controversial 2005 election

triggered a donor reconsideration of budget support to the country (22). A prominent example was the reallocation of general budget support to a block grant for the Protection of Basic Services Project, a USD 1.6 billion flagship multi-donor initiative (22, 47). Even the limited budget support provided during the study period was earmarked for specific sectors. This earmarking indicates donors' reluctance to hand over full control of their funds to Ethiopian authorities. The UK accounted for 67% of all budget support, directing nearly all of it to the education and health sectors. However,

the UK ceased its entire budget support after 2014. In terms of aid delivery channels, Table 2 shows that donors utilized three main pathways: the state channel, the NGOs channel, and the multilateral organizations channel, each explaining roughly 30% of total aid. Donors often prefer the state channel for/as its political leverage (16, 18, 19). However, they may bypass it in settings of low institutional quality or high risk of aid misuse. Ethiopia's state channel usage (30%) was lower than other weakly governed countries, such as Uganda (40%) and Tajikistan (48%) (4, 48, 49).

Table 2: Aid Disbursement Channel Choice of Donors and Each Donor's Channel Choice

Channel (Channel Code)	Amount ※	% of total #	Lead Donor ¶	State Channel §	Non-state Channel §
State channel [10000]	8374.4	30.4	US	12.7	87.3
NGOs and civil society channel [20000]	8388.1	30.5	UK	50.5	49.5
Donor country-based NGO	6490.6	77.4	Germany	58.4	41.6
International NGO	1331.6	15.9	Canada	4	96
Developing country-based NGO	285.4	3.4	Netherlands	16.1	83.9
Public-private partnership channel [30000]	75.5	0.3	Japan	70.3	29.7
Multilateral organizations channel [40000]	8205.2	29.8	Korea	83.6	16.4
University, research institutions channel [50000]	756.6	2.7	Norway	23.9	76.1
Private sector institutions [60000]	1042.6	3.8	Sweden	6.1	93.9
Others [90000]	681.7	2.5	France	65	35

Note: ※: Measured in constant 2021 USD million, #: % share of total aid, ¶: from largest lead donor to smallest ones, §: % share of each donor's total aid

Multiple factors explain why donors in Ethiopia opted to bypass the state channel. First, donors could have perceived that the country's bureaucratic inefficiency and political favoritism weaken effective aid delivery. It is argued that Ethiopia's complex institutional structure and politicized aid allocation mechanisms limit efficiency and fairness in aid distribution (50). Aid allocation in Ethiopia typically follows a three-tier process involving the federal government, regional authorities, and local leaders. Each layer introduces room for inefficiency and political aid capture. Second, donors may have adjusted delivery channels based on sector-specific needs. Table 3 shows that sectors such as emergency response and food assistance – for which Ethiopia received the largest share of aid – were largely

supported via NGOs and multilateral organizations. The use of non-state channels in these sectors suggests limited functionality of public systems for basic service delivery in Ethiopia. This circumstance necessitates alternative approaches to deliver aid. Third, donor preferences and institutional settings also play a role. Five lead donors (France, Germany, Japan, Korea, and the UK) channeled over 50% of their aid through the Ethiopia's state system. In contrast, Canada, the Netherlands, Norway, Sweden, and the US delivered most of their aid through non-state actors. A similar pattern of donor channel usage was observed (48). This may reflect donor channel preferences, although actual channel choices likely depend on circumstances in recipient countries.

Table 3: Top Aid Sectors for Each Aid Channel

Top sector ¶	State Channel (10000)			NGOs Channel (20000)			Multilateral Channel (40000)		
	Amount ※	% of channel #	Top sector	Amount	% of channel	Top sector	Amount	% of channel	
13	1539.7	18.4	72	2737.1	32.6	72	4659.1	56.8	
12	1132.1	13.5	52	1512.3	18.0	52	665.5	8.1	
11	1052.5	12.6	13	1453.4	17.3	11	621.0	7.6	

¶ 11: education, 12: health, 13: population policies/programmes & reproductive health, 52: development food assistance, 72: emergency response, ※: measured in constant 2021 USD million, #: % share of aid via each channel

Among the non-state channels, NGOs were prominent due to their grassroots operations and direct exposure to local institutional conditions. Donors disbursed 30% of total aid through the NGO channel, mainly partnering with NGOs based in donor countries as reported in Table 2. This preference is not unique to Ethiopia; DAC donors, on average, allocate about ten times more funding to donor-country NGOs than to local NGOs (51). Several reasons may explain this. First, partnering with donor-country NGOs helps donors justify aid expenditures and build public support. Second, donor-country NGOs are more familiar with donor administrative systems, reducing transaction costs. Third, local NGOs in poorly governed countries often face political and legal restrictions. In the mid-2000s, Ethiopian authorities began to view NGOs engaged in electoral activities as political threats (52). This culminated in the 2009 enactment of the Charities and Societies Proclamation, which imposed strict limitations on civil society organizations (CSOs). Though replaced in 2019 by the more progressive Organization of Civil Societies Proclamation No. 1113/2019, concerns remain (53). The new law arguably retains elements of state oversight through burdensome registration, reporting, and financing requirements. The implementing agency – the Civil Society Organizations Agency – has also been accused of corruption and power abuse (52). Under these conditions, donors may be reluctant to engage with local NGOs that are vulnerable to political censorship.

Discussion

The present study set out to explain why and how traditional bilateral donors that publicly emphasize good governance have continued to provide substantial aid to Ethiopia, despite its authoritarian tendencies, weak institutions, and resistance to governance reform. The findings reveal that donor strategic interests, humanitarian imperatives, and political tactics of Ethiopian authorities played roles during the study period. First, the results indicate that geopolitical and security considerations outweighed governance concerns in donor decision-making. Ethiopia's strategic role as a security partner for Western donors helps explain why aid flows remained relatively high despite democratic backsliding and violent conflict. This finding is consistent with

arguments that donors often tolerate authoritarian regimes when these regimes are geopolitically or strategically important (10-12). Moreover, previous research suggests that aid allocations are shaped by political economy considerations rather than governance quality alone (1, 2). The Ethiopian case therefore supports the view that donor commitments to good governance are conditional by strategic interests, particularly in regions of geopolitical significance (26, 27).

Second, donor behavior in Ethiopia illustrates how donors adjust aid delivery, instead of withdrawing aid, in response to weak institutions. The heavy reliance on project-type interventions, pooled funds, and non-state delivery channels with limited use of budget support suggests donors' low confidence in Ethiopian public institutions. This pattern is consistent with findings that donors bypass public institutions in weak governance settings to reduce aid capture (18, 20). The Ethiopian case thus supports the literature on donor risk management.

Third, the negligible share of aid to governance and civil society sectors underscores limitations to advance good governance agendas under resistance from Ethiopian authorities. While some studies argue that direct governance assistance can support democratic improvements in the short term, the Ethiopian case reveals a gap between donor rhetoric and actual financial commitment (39-42). As aid outcomes are shaped by negotiations, interventions focusing on governance reform may not be prioritized due to perceived ineffectiveness and Ethiopia's strong policy ownership (7, 9, 22).

Fourth, the extensive use of NGOs and multilateral organizations further highlights donor adaptation and preference. While bypassing state institutions can reduce the risks of aid capture, it also indicates the limited functionality of public services in Ethiopia (18, 20). Compared to other weakly governed countries, donors' limited use of Ethiopia's state channels also suggests heightened caution among donors (4, 48, 49). Donors' preference for donor-country NGOs over local NGOs indicates that legal restrictions, political oversight, and administrative barriers facing Ethiopian civil society further limited donor choices. This reliance on external aid actors is consistent with a broader pattern among DAC donors who tend to allocate more funding to

donor-country NGOs (51). However, this tendency appears stronger in Ethiopia due to its political constraints.

Taken together, the findings are broadly consistent with existing literature on aid in authoritarian and weakly governed contexts, yet the findings also provide contextual nuance. While previous studies emphasize aid suspension, conditionality, and bypass strategies (13-18, 20), the Ethiopian case shows that donors may adjust aid modalities instead of reducing aid engagement when the recipient government is strategically important. Although such adjustments enable continued assistance and risk mitigation, they may also reduce external political pressure for governance reform and indirectly contribute to the sustainment of authoritarian governance.

Conclusion

This study has examined how and why bilateral donors who publicly emphasize good governance continue to deliver substantial aid to Ethiopia, a country marked by authoritarian ruling, low institutional quality, and systemic corruption. The analysis finds that donor engagement remained strong throughout the study period, despite Ethiopia's institutional shortcomings and resistance to governance reform. This strong engagement appears to be driven by geopolitical considerations, strategic interests, and historical relationships.

The findings of the study contribute to the aid literature in two ways. First, by providing a detailed country-level analysis, the study complements cross-national research that often considers authoritarian recipients a uniform group. The Ethiopian case illustrates how donor behavior is shaped by recipient bargaining power and geopolitical importance. Second, the study adds nuance to existing debates on aid fungibility and bypass strategies by demonstrating that aid modality adjustments allow donors not to emphasize governance reform when recipients are strategically important.

Future research could build on this study in several directions. Comparative analyses of other strategically important authoritarian regimes would help explain whether the findings in Ethiopia reflect a broader aid trend or a context-specific outcome. Further investigation into emerging donors, such as China and Saudi Arabia,

would also help identify whether similar aid modality adjustments occur outside the DAC donors. Finally, qualitative research examining donor-recipient negotiations would improve understanding of how aid bargaining dynamics shape aid allocation decisions and outcomes.

Abbreviations

CRS: Creditor Reporting System, CSO: Civil Society Organizations, DAC: Development Assistance Committee, EPRDF: Ethiopian People's Revolutionary Democratic Front, NGO: Non-governmental Organization, OECD: Organization for Economic Co-operation and Development, TPLF: Tigrayan People's Liberation Front, UK: The United Kingdom, US: The United States of America.

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Author Contributions

Hyejin Lee: conceptualization, study design, data analysis, writing, review, editing.

Conflict of Interest

The author declares there is no conflict of interest.

Data Availability

The data used in this study are derived from publicly available sources at the OECD Statistics Site (<https://www.oecd.org/en/topics/sub-issues/oda-trends-and-statistics.html>).

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During manuscript preparation, ChatGPT was used in a limited manner for English-language editing. The author reviewed and revised all AI-assisted content to ensure accuracy and clarity.

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